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Department of Defense
DIRECTIVE
AD-A274 480



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October 26, 1993
NUMBER 7200.11

C, DoD

SUBJECT: Liability for Government Property Lost, Damaged, or Destroyed

References:

- (a) Section 301 of title 5, United States Code
- (b) DoD 7000.14-R, "DoD Financial Management Regulation," Volume 5, "Disbursing Policy and Procedures," authorized by DoD Instruction 7000.14, November 15, 1992
- (c) DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987
- (d) Section 101(25) of title 37, United States Code

A. PURPOSE

This Directive:

1. Establishes policy and assigns responsibilities relating to the liability of civilian employees of the DoD Components and military members for loss, damage, or destruction of Government property, under reference (a).
2. Authorizes the publication of implementing procedures in reference (b) that are consistent herewith.

B. APPLICABILITY AND SCOPE

This Directive:

1. Applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Unified Commands, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "the DoD Components").

2. Does not apply to:

- a. Judicial or administrative disciplinary actions against individuals who are financially liable for the loss, damage, or destruction of Government property.
- b. Loss, damage, or destruction of Government property in the possession of a Government contractor, unless the loss, damage, or destruction is the result of negligence, willful misconduct, or deliberate unauthorized use by civilian employees of the DoD Components or military members.
- c. Loss resulting from authorized use of Government property during combat operations. (Training exercises are not considered to be combat operations.)

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d. Loss resulting from a physical loss or deficiency of public money, vouchers, checks, securities, or records or from the making of an illegal, improper, or incorrect payment.

C. POLICY

It is DoD policy that:

1. The DoD Components are accountable for Government property under their control. Accountability for Government property shall be addressed in the annual internal management control assessments required by DoD Directive 5010.38 (reference (c)).

2. All members of the military (including members of the Reserves and National Guard) and civilian employees of the DoD Components (including nonappropriated fund employees) shall be assessed financial liability in accordance with subsection C.4., below, when Government property is lost, damaged, or destroyed as a result of their negligence, willful misconduct, or deliberate unauthorized use.

3. Liability for loss, damage, or destruction of Government property shall be assessed only after an official investigation, conducted specifically for the purpose, has determined that the conditions of subsection C.2., above, are met.

4. The financial liability assessed shall be as follows:

a. Personal Arms or Equipment. The full amount of loss or damage to personal arms or equipment.

b. Items of Military Supply. The full amount of damage to, or the value of, lost or damaged items of military supply.

c. Government Housing. The full amount of loss or damage to Government housing, including equipment and furnishings therein, if the loss, damage, or destruction was proximately caused by gross negligence or abuse by the military member, dependent, or guest.

d. Other. In all other cases, up to the full amount of the loss, damage, or destruction of Government property or housing, but in no case more than 1 month's regular military compensation as defined in 37 U.S.C. 101(25) (reference (d)) in the case of military members and one-twelfth of annual pay in the case of civilian employees. For Reserve component personnel, 1 month's regular military compensation refers to the amount that would be received by the Service member if on active duty.

D. RESPONSIBILITIES

1. The Comptroller of the Department of Defense shall prescribe policies and procedures governing accounting and reporting of lost, damaged, or destroyed Government property.

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2. The Secretaries of the Military Departments, the Directors of the Defense Agencies, the Chairman of the Joint Chiefs of Staff, the Commanders of the Unified Commands, and the Directors of the DoD Field Activities shall:

a. Determine and assess the amount of financial liability of those responsible for such losses.

b. Except for those instances described in paragraphs C.4.a. and C.4.b., above, establish standards and procedures for the mitigation or reduction of, or relief from, financial liability in appropriate cases.

c. Establish debts resulting from the assessment of financial liability and refer them for appropriate collection action.

E. EFFECTIVE DATE

This Directive is effective immediately.



William J. Perry
Deputy Secretary of Defense

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